

# FISCAL NOTE

**Bill #:** SB0524

**Title:** Aggregate limits on federal tax and mortgage interest income tax deductions

**Primary**

**Sponsor:** Dorothy Eck

**Status:** As introduced

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Sponsor signature

Date

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Dave Lewis, Budget Director

Date

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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$15,000	\$0
<b>Revenue:</b>		
General Fund	\$0	\$38,362,000
<b>Net Impact on General Fund Balance:</b>	<b>(\$15,000)</b>	<b>\$38,362,000</b>

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<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

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## Fiscal Analysis

### ASSUMPTIONS:

1. This proposal applies to tax years beginning after December 31, 1999 (tax year 2000). There is no impact from this proposal in FY2000; the first full-year impact is felt in FY2001.
2. Under this proposal, individual income tax filers who file as married couples filing jointly or as heads of households would be allowed a total combined itemized deduction for federal income taxes paid and home mortgage interest not to exceed \$40,000. All other filers would be allowed a total combined itemized deduction for federal income taxes paid and home mortgage interest not to exceed \$20,000.
3. Based on Department of Revenue computer simulation programs using a sample of tax year 1997 individual income tax returns, this proposal would increase the tax liability of *full-year resident* individual income tax filers by \$36,000,000 in tax year 2000. This will result in an increase in revenue to the state general fund of a like amount for FY2001.

(continued)

4. Including *all filers* increases the total revenue impact for full-year residents by a factor of 1.0656. This increases the impact on state general fund revenues to \$38,362,000.

**Administrative Impacts**

5. This proposal would require modifications to the individual income tax form and instructions. Computer programming costs associated with these modifications would be \$12,000 for additional programmer time, and \$3,000 for additional Department of Administration computer processing time, for a total increase in admin costs of \$15,000 in FY2000.

<u>FISCAL IMPACT:</u>	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$15,000	\$0
<u>Funding:</u>		
General Fund (01)	\$15,000	\$0
<u>Revenues:</u>		
General Fund (01)	\$0	\$38,362,000
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$15,000)	\$38,362,000

**LONG-RANGE IMPACTS:**

This proposal will increase revenue to the state general fund by an amount that gradually increases each year from the \$38,362,000 identified for FY2001.